

Message Text

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ACTION NEA-06

INFO OCT-01 SS-14 ISO-00 NSC-10 NSCE-00 CIAE-00 INR-10

NSAE-00 RSC-01 SSO-00 INRE-00 PM-03 DODE-00 PRS-01

SPC-01 EUR-10 EB-03 FEA-01 COME-00 SCI-03 TRSE-00 L-02

CIEP-01 AID-10 DRC-01 /078 W

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O 200700Z JAN 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 9143

INFO AMEMBASSY ISLAMABAD IMMEDIATE

AMEMBASSY TEHRAN

AMEMBASSY JIDDA

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 0949

LIMDIS

E.O. 11652: GDS

TAGS: PINT, IN

SUBJ: CONVERSATION WITH FOREIGN MINISTER; INDIAN OCEAN, OIL.

1. THE FOLLOWING MESSAGE WAS PREPARED BY AMBASSADOR MOYNIHAN
PRIOR TO HIS DEPARTURE.

2. I MET THIS MORNING WITH FOREIGN MINISTER SWARAN SINGH,
HOPING TO KEEP IT TO HALF AN HOUR, BUT WE WENT ON AN HOUR AND
A QUARTER, ALTHOUGH TO NO VERY GREAT PURPOSE.

3. I TOLD HIM FIRST THAT I WAS RETURNING TO WASHINGTON
WHERE I HOPED TO SEE SECRETARY SCHLESINGER, BUT IN THE MEAN-
TIME THOUGHT HE SHOULD KNOW MY OWN VIEW ABOUT THE AMERICAN
NAVAL PRESENCE IN THE GULF AREA, WHICH IS THAT ALL CONCERNED
SHOULD PROBABLY EXPECT A FAIRLY CONTINUOUS EXCHANGE OF SHIPS,
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BIG AND LITTLE, FOR A LONG TIME TO COME. HE MENTIONED THAT

WASHINGTON HAD BEEN BRIEFED ON THE NEW SHIP. THE BAINBRIDGE, I SAID. A FRIGATE, YOU COULD FIT IT IN THIS ROOM, I SAID. WE HAVE BIGGER ONES.

4. HE ASKED WHAT DID I THINK WOULD BE THE ARAB REACTION TO THIS. WITH THE EXCEPTION OF IRAQ "WHICH YOU CONSIDER TO HAVE A LEFTIST REGIME" THE ARAB STATES ARE CONSERVATIVE. THEIR MONEY IS IN MANHATTAN BANKS. WOULDN'T THEY SEE THIS AS DISTURBING, WOULD THIS NOT HAVE AN EFFECT ON THE GENERAL PSYCHOLOGY OF THE ARAB RULING CLASS. I SAID I ASSUMED MANY WOULD THINK THE SHIPS WERE THERE FOR THE BENEFIT OF THE RULING CLASS. EVEN SO, HE CONTINUED, DESPITE BRAVE STATEMENTS CONCERNING CONTINUING THE EMBARGO, AND WHATEVER THEIR PUBLIC POSTURE, THEIR PRIVATE SYMPATHY FOR THE U.S. WAS CLEAR. IN PRIVATE TALKS THEY EXPRESS CONCERN ABOUT SOVIET PRESENCE IN THE GULF. IRAN IS NOT TROUBLED, OF COURSE. BUT IRAN COULD ALSO BE "PART OF A CHORUS" AGAINST OUTSIDE POWERS.

5. I TOLD HIM OF PROSPECTS FOR RETURN OF THE NATARAJ STATUE, MENTIONING THAT TEJA WAS DEALING WITH THIS AND THAT I HAD WRITTEN THE PM.

6. WE DISCUSSED OIL AT LENGTH. I GAVE HIM OUR FIGURES ON INCREASED COSTS TO INDIA. 872 CRORES TOTAL IMPORT BILL. THIS SEEMED ALMOST EXACTLY THEIR CALCULATION I HANDED HIM SEVERAL CABLES AND SUMMARY OF CABLES EXPRESSING AMERICAN OIL COMPANY INTEREST IN DRILLING ON REASONABLE TERMS AND ALSO A LIST OF COMPANIES THAT HAD BID FOR CONCESSIONS LAST SPRING AND WERE YET TO HEAR. I SAID I DID NOT THINK INDIA WAS REALLY SERIOUS ABOUT HAVING AMERICAN COMPANIES COME IN; THAT INDIA KNEW SHE PROBABLY OUGHT, BUT THAT IT WAS TOO COMPLICATED POLITICALLY. HE SAID NO, THAT "ON A MODIFIED PATTERN WE ARE VERY SERIOUS". I SAID I KNEW INDIA WAS SERIOUS, BUT FELT IT WOULD NEVER FIGURE OUT HOW ACTUALLY TO HAVE ANYTHING HAPPEN.

7. HE SPOKE OF HOW THE OIL COMPANIES IN THE US HAVE BECOME HEROES, WITH NEW INCENTIVES TO PRODUCE MORE. I SAID TO THE CONTRARY THEY ARE BEING BLAMED FOR WHAT THE ARABS DID AND, IN MY ESTIMATE, WOULD END UP UNDER FEDERAL REGULATION IN A FEW YEARS TIME. ANYWAY, I SAID, IF HE WANTS ANY AMERICAN COMPANIES

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LOOKING FOR OIL IN INDIA HE MUST FIND A WAY TO SAY SO IN SPECIFIC TERMS TO A SPECIFIC FIRM.

8. HE WANDERED OFF IN A DISCOURSE ABOUT THE U.S. HAVING TAKEN GREAT INTEREST IN REDUCING THE BURDENS OF DEVELOPMENT IN INDIA BY EXTENDING CREDITS. NOW WE SEE OIL WIPE OUT AID AND EVEN CUTTING INTO THE SIZE OF THE REMAINING CAKE. (HIS IMAGE, I HASTEN TO AD.) I SAID, YES. COULD WE NOT, HE SAID, BY MORE

EXTENSIVE SEARCH GET REAL HELP IN FINDING MORE OIL, SOMETHING AT THE GOVERNMENT LEVEL. I SAID I WOULD TAKE THIS MATTER UP AT HOME, BUT I FELT IT WOULD BE USELESS. THE U.S. GOVERNMENT DOESN'T KNOW ANYTHING ABOUT FINDING OIL. NOR FOR THAT MATTER DID THE SOVIETS, WHOM THE INDIANS HAD LET PROWL OVER INDIA FOR TWO DECADES AND HADN'T FOUND ANYTHING YET. HE MENTIONED THE GUJARAT FIELD. I SAID THAT WAS FOUND BY STANVAC. HE SAID HE WAS FOR FIVE YEARS OIL AND GAS MINISTER AND KNEW BETTER. I SAID WELL, I MUST BE MISINFORMED. (ALL THIS, IN PERFECT GOOD HUMOR). I SAID THE REASON THE ARABS HAVE OIL TO EMBARGO TODAY IS THAT AN AMERICAN GEOLOGIST A FELLOW MEMBER OF THE AMERICAN PHILOSOPHICAL SOCIETY, FOUND THE ARABIAN OIL DOME, AND THAT AMERICAN BUSINESSMEN WENT OUT THERE AND DRILLED FOR OIL. THAT IS THE WAY IT IS DONE. HE WENT INTO SOMETHING ABOUT THE AMERICANS HAVING TAKEN 3 CRORES OF INDIAN MONEY SOME TIME BACK AND HADN'T FOUND ANYTHING. "YOUR EXPERTS OWE IT TO YOUR COUNTRY THAT THEY SHOULD FIND OIL IN INDIA". I SAID SURELY NO ONE NEED TELL ANY INDIAN TODAY THAT WITH RESPECT TO THE MATTER OF OIL, NATURE WAS RED OF TOOTH AND CLAW. HE SAID HE AGREED THAT PLEASANTRIES WOULD GET NO ONE ANYPLACE. I SAID I ASSUMED INDIA WOULD GO ON MAKING PLEASANT SOUNDS ABOUT OPEC, BUT THAT WE KNEW HOW BITTER INDIAN OFFICIALS ARE IN PRIVATE.

9. I REPORTED ON THE UNION CARBIDE AND 3-M PROSPECTS, ASSURING HIM THAT THERE REALLY IS A GREAT DEAL OF INTEREST IN INVESTMENT IN INDIA, BUT IT IS STILL ASSUMED THAT THE INDIAN GOVERNMENT DOES NOT WANT THIS. OR WILL NOT IN THE END PERMIT IT. HE ASKED IF WE KNEW ANYTHING ABOUT GERMAN TECHNIQUES OF WORLD WAR II ON COAL GASIFICATION. I SAID UNION CARBIDE WAS THE CARTEL BEHIND THE WHOLE BUSINESS -- HOW DID HE THINK WORLD WAR II HAPPENED ANYWAY -- AND WAS PRIVEY TO EVERY GERMAN SECRET.

10. HE SAID CYNICS NOW SAY THE U.S. IS HAPPY BECAUSE IT HAS
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OIL AND NO ONE ELSE HAS. I SAID THAT TO THE CONTRARY THE U.S. WAS UNHAPPY, BECAUSE WEALTH CAUSED US TO BE SAD. HE SAID SHALE WAS BECOMING COMPETITIVE. I SAID UNION CARBIDE THOUGHT IT WOULD BE SUCH AT \$3.40 A BARREL. BUT THAT SERIOUSLY, NO BODY COULD WIN AN ELECTION IN WISCONSIN BY RATIONING GASOLINE, OR EVEN BY RAISING THE PRICE, AND THAT THIS WAS WHAT THE AMERICAN VOTER WAS ENCOUNTERING.

11. I SAID THAT SPEAKING OF ELECTIONS, I WAS GLAD TO SEE THAT THE U.S. WAS GENERALLY SPEAKING BEING LEFT OUT OF THE U.P. ELECTIONS NOW IN PROGRESS, AND THAT WE LIKED IT BEST THAT WAY. PETER BURLEIGH WAS STILL BEING WATCHED BY THE COMMUNISTS, BUT NOTHING COMMUNISTS DID MADE ANY DIFFERENCE TO US. HE REPLIED THAT WE WOULD WANT TO KNOW THAT THEY HAD SENT A ROUMANIAN DIPLOMAT HOME WHO HAD ESTABLISHED A RELATIONSHIP WITH AN

INDIAN INFORMATION OFFICER. I SAID ANYBODY WHO THINKS HE CAN
GET ANYTHING OUT OF AN INFORMATION OFFICER SHOULD BE SENT
HOME. THE SIKH SUBSTITUTING FOR TEJA CAREFULLY WROTE THIS
DOWN.
MOYNIHAN

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Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, FOREIGN INVESTMENT, PETROLEUM, NAVAL SHIPS, EXPLORATORY DRILLING
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JAN 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE00949
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740129/aaaabbem.tel
Line Count: 174
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by boyleja>; APPROVED <13 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONVERSATION WITH FOREIGN MINISTER; INDIAN OCEAN, OIL.
TAGS: PINT, IN, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005